

ATTACHMENT 3

Davenport - Direct

1 THE CLERK: Please be seated. And would you please
2 state your name and address.

3 THE WITNESS: My name is Kent Davenport. My address
4 is 58 Bradyll Road, Weston, Massachusetts.

5 THE CLERK: Can you spell your street name, please.

6 THE WITNESS: B-R-A-D-Y-L-L.

7 MR. IZARD: May I proceed, your Honor.

8 MR. KENT DAVENPORT, DEFENDANT'S WITNESS,

9 DIRECT EXAMINATION

10 BY MR. IZARD:

11 Q What's your occupation, Mr. Davenport?

12 A I'm an accountant.

13 Q And are you affiliated with any firm?

14 A I'm a tax partner with Arthur Andersen.

15 Q If you would briefly describe for the Court your
16 educational background beginning with college.

17 A I have an undergrad in accounting from the University of
18 Illinois and a J.D. from the University of Illinois.

19 Q And you're employment background, please.

20 A Out of law school, I went to work for Arthur Andersen
21 about 18 years ago.

22 Q And you've been with Arthur Andersen ever since?

23 A Yes.

24 Q What have you done with Arthur Andersen over those 18
25 years?

Davenport - Direct

1 A I've gone through the various stages within the tax
2 division and am now a partner.

3 Q Are you a CPA?

4 A Yes, I am.

5 Q Are you familiar with Astroline Communications Company,
6 Limited Partnership?

7 A Yes, I am.

8 Q How did you first become -- well, when did you first
9 become familiar with Astroline Communications?

10 A In 1985.

11 Q And how did you become familiar with Astroline
12 Communications?

13 A I became involved with Astroline Communications because I
14 have other involvement with -- at the time other involvement
15 with broadcasting clients. And, therefore, I was brought in
16 on this account when it became a client.

17 Q Okay. And what were you to do with regard to Astroline
18 Communications Company?

19 A Generally, I was responsible for providing the necessary
20 tax services to the partnership.

21 Q If you would, please, Mr. Davenport, take a look at
22 Exhibit 41.

23 A Yes.

24 Q Can you tell me what Exhibit 41 is, please.

25 A It's a memorandum I prepared that discusses various

Davenport - Direct

1 alternatives for allocating partnership items to the
2 partners.

3 MR. IZARD: Your Honor, I offer Exhibit 41.

4 MR. DURRSCHMIDT: No objection.

5 MR. NOLAN: No objection.

6 THE COURT: Full exhibit.

7 BY MR. IZARD:

8 Q Now, why did you prepare Exhibit 41?

9 A It's an explanation of a proposed change to the allocation
10 of the partnership's gains or losses to the partners primarily
11 to alter the tax benefits of the losses.

12 Q To what extent was Arthur Andersen involved in the process
13 of advising on allocating change --

14 A We were -- yes. When I first became involved, the
15 structure of the venture had not been finalized. And one of
16 my responsibilities as a tax adviser is to try to advise
17 concerning the most efficient tax structure for the deal.

18 Q As of this time, what experience did you have in advising
19 regarding partnership tax structures?

20 A I had several other partnership clients that had similar
21 allocation approaches.

22 Q When you say "similar allocation" structures, what do you
23 mean by "similar"?

24 A In which there is an allocation of the expenses incurred
25 by a partnership to a group of partners during the earlier

Davenport - Direct

1 stages of the partnership, generally, the group that is
2 actually providing the funds for those expenses, with the idea
3 that it subsequently be reversed when the partnership becomes
4 profitable.

5 Q And what do you mean by "profitable"?

6 A Generally, the idea is that you would allocate losses one
7 way, and then, once the partnership began generating income,
8 you would allocate the income to those same partners until
9 they have an allocated income sufficient to offset the losses
10 they had been previously allocated.

11 Q And is that to bring their capital accounts back to zero?

12 A Generally, yes.

13 Q And in your experience, have you been involved in any
14 challenges by the Internal Revenue Service regarding
15 partnerships with these structures?

16 A I have not.

17 Q Now, throughout the -- in addition to working on the
18 initial -- working on the allocation of profits and losses,
19 did you provide any other services to Astroline Communications
20 Company, Limited Partnership?

21 A I served the various tax consulting through the years if
22 tax issues were raised. And, also, we were responsible for
23 the preparation of the income tax returns for the
24 partnership.

25 Q And in the course of performing these services, who did

Davenport - Direct/Cross

1 you deal with at Astroline Communications Company, Limited
2 Partnership?

3 A Rich Ramirez.

4 Q And to what extent did you deal with Fred Boling?

5 A Not at all, basically, on these issues.

6 Q Did you deal with Mr. Boling on any issues regarding
7 Astroline Communications Company, Limited Partnership?

8 A Other than the initial meetings on the structuring of the
9 partnership, I don't remember having ongoing contact with
10 Fred, Mr. Boling, concerning partnership matters.

11 Q Okay. And did you have any dealings with Mr. Sostek
12 regarding Astroline Communications Company, Limited
13 Partnership?

14 A The same. After the initial meetings, no further
15 contact.

16 MR. IZARD: I have no further questions.

17 CROSS-EXAMINATION

18 BY MR. DURRSCHMIDT:

19 Q Mr. Davenport, the separate profit/loss allocation
20 distinction, as set forth in Exhibit 41, versus an ownership
21 percentage, is that authorized by the Internal Revenue Code?

22 A Yes. You can have special allocations permissible under
23 the Internal Revenue Code.

24 Q So that you can have a different allocation for profit and
25 loss from the percentage of ownership?

Davenport - Cross

1 A Yes.

2 Q Are you aware of a change in the tax law in 1986 regarding
3 passive losses?

4 A Yes.

5 Q And could you briefly describe that change?

6 A Generally, certain losses, to the extent they are
7 considered passive losses, are only deductible against passive
8 income or deductible upon the termination of your interest in
9 the passive activity.

10 Q Prior to 1986, what was the treatment of passive losses?

11 A I don't recall exactly when the provisions for passive
12 losses came in. But prior to those provisions becoming
13 effective, it was possible to deduct passive losses without
14 limitation. Thank you.

15 MR. DURRSCHMIDT: I have no further questions, your
16 Honor.

17 CROSS-EXAMINATION

18 BY MR. NOLAN:

19 Q Do you know a man named Goodman?

20 A Excuse me?

21 Q Do you know a man named Chuck Goodman?

22 A Yes, I do.

23 Q Who's Chuck Goodman?

24 A He is an accountant that is responsible, among other
25 things, working on Astroline Company's taxes.

ATTACHMENT 4

UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT

In re:	:	CASE NO. 2-88-01124
ASTROLINE COMMUNICATIONS COMPANY	:	CHAPTER 7
LIMITED PARTNERSHIP,	:	
<hr/>		
MARTIN W. HOFFMAN, Trustee	:	
	:	
Plaintiff,	:	
	:	
- against -	:	
	:	
RICHARD P. RAMIREZ; WHCT	:	
MANAGEMENT, INC., THOMAS A. HART,	:	Adv. Proc. No.
JR.; ASTROLINE COMPANY; ASTROLINE	:	
COMPANY, INC.; HERBERT A. SOSTEK;	:	93-2220 (RLK)
FRED J. BOLING, JR.; RICHARD H.	:	
GIBBS; RANDALL L. GIBBS; CAROLYN	:	
H. GIBBS, RICHARD GOLDSTEIN,	:	
EDWARD A. SAXE and ALAN TOBIN,	:	
AS CO-EXECUTORS OF THE ESTATE OF	:	
JOEL A. GIBBS; ROBERT ROSE and	:	
MARTHA GIBBS ROSE,	:	
	:	
Defendants.	:	MARCH 31, 1994

AFFIDAVIT OF KENT W. DAVENPORT

The undersigned, being first duly sworn, deposes and says:

1. I am a partner in the Boston office of Arthur Andersen & Co. I am over 18 years of age and am competent to make this affidavit. I was primarily responsible for all tax related work performed by Arthur Andersen & Co. for Astroline Communications Company Limited Partnership.

2. Attached hereto as Exhibit A is a memorandum dated May 14, 1985 prepared by me relating to a telephone conference call among various parties regarding projects and responsibilities which were to be performed by Arthur Andersen and others in structuring Astroline Communications Company Limited Partnership. As set forth in paragraph 1 of this memorandum, it was agreed that Astroline Company would continue to be the limited partner of Astroline Communications Company Limited Partnership and that the partners of Astroline Company would not become limited partners of Astroline Communications Company Limited Partnership in their individual capacities. It was further agreed that the partners of Astroline Company would become general partners of Astroline Company for tax reasons.

3. In conjunction with this engagement, the allocation of profits and losses among the partners of Astroline Communications Company Limited Partnership was changed. In particular, based in part upon advice by Arthur Andersen, the allocation of profits, losses and cash flow was changed such that the limited partners would receive 99% of profits, losses and cash flow until such time as their capital contributions, plus a return, were repaid. Thereafter, Thomas Hart and Richard Ramirez, the two individual general partners, would receive a priority distribution of \$1,000,000. Thereafter, profits, losses and cash flow would be allocated in accordance with the ownership percentages set forth in the Astroline Communications Company Limited Partnership Agreement.

4. This allocation of profits, losses and cash flow was based upon and similar to the allocation of profits, losses and cash flow in numerous real estate limited partnerships.


Kent W. Davenport.

Subscribed and sworn to this
Tuesday of *April*, 1994,
before me *CATHERINE M. QUINN*

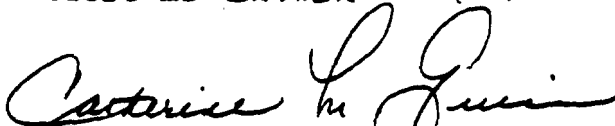

Commissioner of the Superior Court
Notary Public
My commission expires *My Commission Expires Oct 18, 1996*

EXHIBIT A

INTEROFFICE COMMUNICATION

TO OFFICE FROM BOSTON OFFICE

FOR MEMORANDUM FOR THE FILES FROM KENT W. DAVENPORT

DATE MAY 14, 1985 JOB OR ACCOUNT NO.

SUBJECT AIRTEL COMMUNICATIONS COMPANY

Give date to	name
<p>Send the following instructions <i>Fill out the questionnaire & send it back to</i></p>	
<p>Also check it off when a Candidate or Officer gives name</p>	
<p>Administrators Copy Return</p>	

On May 13, 1985, during a conference call among Herb Sostak, Fred Boling, Rich Ramirez, Bill Lance of Peabody & Brown, and Roger Eastman, George Noble, and Kent Davenport of Arthur Andersen, the following projects and responsibilities were agreed upon concerning the formation of Astroline Communications Company:

1. It was agreed that Astroline Company will serve as the limited partner in Astroline Communications Company. In order to finalize this approach, it will be necessary to convert all existing partners in Astroline Company into general partners. Bill Lance indicated that this would be a very simple process and indicated that he would see that the necessary steps are executed. The next step in this process will be to have Astroline Company distribute all of its assets other than its investment in Astroline Communications Company to the current partners in Astroline Company. Bill Lance will review this procedure and be prepared to discuss it with Herb and Fred on Thursday, May 16. The final step in this process will be to admit the Roses as general partners into Astroline Company. Bill Lance will also be responsible for preparing the necessary documents to finalize the Roses' admission into the partnership.
2. We again discussed the transfer of the limited partnership interests to various new employees as they become employed by Astroline Communications Company. Fred made it very clear that if any of these individuals were to terminate his employment with the partnership, then WHCT wants to retain an option to reacquire the terminating employee's partnership interest. It was agreed that Rich will prepare a formula to be used in determining the option price. Once this formula has been agreed upon, Bill Lance will prepare the necessary documents to execute the option provision.

INTEROFFICE COMMUNICATION

ASTROLINE COMMUNICATIONS

- 2 -

MAY 14, 1985

3. Rich will continue his negotiations with the leasing company in order to get detailed information as to the costs associated with the transaction. Rich will negotiate with the leasing company on the basis that the partnership has a commitment from the Bank of Boston to guarantee its working capital needs until the partnership has a cash excess. These funds will be contributed to the partnership as capital contributions by Astroline Company. The partnership would like a seven-year lease arrangement and would also like a rate comparison if the company were to request a two-year moratorium on principal payment.
4. Once the lease company information has been determined, Arthur Andersen & Co. will prepare revised projections for the station's operations.
5. Because of the change in the structuring of the borrowings such that they are now at the Astroline Company level and not the Astroline Communications level, the partnership agreement will have to be revised accordingly. It is also anticipated that a revision will be made into the profit/loss ratios during the early years of the partnership. Bill Lance will make the necessary amendments to the partnership agreement. However, it was agreed that all of the changes resulting from the revision in the structure should be made at the same time. Once these changes have been agreed upon, Bill Lance will prepare the necessary documentation for implementation.


KENT W. DAVENPORT

AW

RC 005410

PB 000599

CERTIFICATE OF SERVICE

I, Margie Sutton Chew, a secretary in the law firm of Fisher Wayland Cooper Leader & Zaragoza L.L.P., do hereby certify that true copies of the foregoing **“CONSOLIDATED REPLY OF RICHARD P. RAMIREZ TO COMMENTS OF MASS MEDIA BUREAU AND OPPOSITION OF SHURBERG BROADCASTING OF HARTFORD”** was sent this 15th day of August, 1997, by first class United States mail, postage prepaid, to the following:

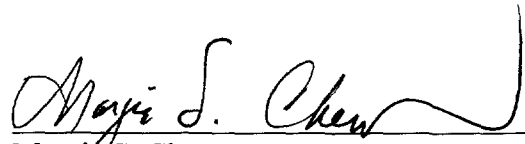
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Margie S. Chew

* VIA HAND-DELIVERY